

INTERNAL REVENUE SERVICE
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[REDACTED]

Dear [REDACTED]:

This letter is in response to your correspondence of [REDACTED], regarding the 5-year waiting period used in determining whether a distribution from a Roth IRA is a qualified distribution. In your letter, you asked us to provide you with a private letter ruling based on the specific facts set forth in your letter.

A request for a letter ruling is a written statement issued to a taxpayer by the Service's national office that interprets and applies the tax law to a taxpayer's specific set of facts. Taxpayers must meet certain requirements and pay a user fee to obtain a letter ruling (for detailed information regarding letter rulings, see Revenue Procedure 2000-4, 2000-1 I.R.B. 115). Although we are unable to provide you with the private letter ruling you requested, we believe the following general explanation of the 5-year period used in determining whether a Roth IRA distribution is a qualified will be helpful to you.

Section 1.408A-6 A-1 of the Income Tax Regulations (the Regulations) provides, generally and in pertinent part, that the taxability of a distribution from a Roth IRA generally depends on whether or not the distribution is a qualified distribution. A distribution from a Roth IRA is not includable in the owner's gross income if it is a qualified distribution. A qualified distribution is one that is both (1) made after a 5-taxable-year period; and (2) made on or after the date on which the owner attains age 59 ½, made on account of the owner's death or disability, or to which the first-time home purchase exception of Code section 72(t)(2)(F) applies.

Under section 1.408A-6 A-2 of the Regulations, the 5-taxable-year period used in determining whether a Roth IRA distribution is qualified begins on the first day of the individual's taxable year for which the first regular contribution is made to any Roth IRA of the individual, or if earlier, the first day of the individual's taxable year in which the first conversion contribution is made to any Roth IRA of the individual. The 5-taxable-year period ends on the last day of the individual's fifth consecutive taxable year beginning with the taxable year described in the preceding sentence. Thus, an individual uses one 5-taxable-year period in determining whether distributions from any

Roth IRA owned by the individual are qualified distributions, regardless of whether the individual owns multiple Roth IRAs or made Roth IRA contributions in more than one year.

We hope that the information included in this letter will be of assistance to you. If you have additional questions or concerns, please contact Cathy Vohs ([REDACTED]) of my staff at (202) 622-6090 (not a toll-free number).

Sincerely,

Michael J. Roach
Chief, Qualified Plans Branch 1
(Employee Benefits)
Office of the Division Counsel/Associate
Chief Counsel (Tax Exempt and
Government Entities)